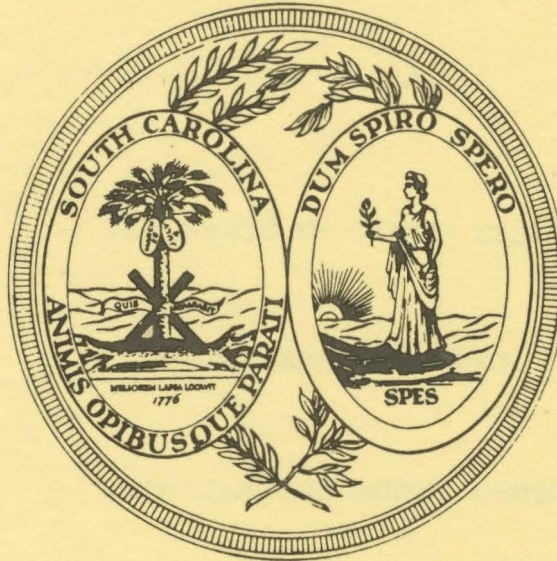


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Legislative Audit Council



The State of South Carolina
General Assembly
Legislative Audit Council
A Management and Performance
Review of the South Carolina
Aeronautics Commission
April 8, 1986

THE STATE OF SOUTH CAROLINA

GENERAL ASSEMBLY

LEGISLATIVE AUDIT COUNCIL

A MANAGEMENT AND PERFORMANCE

REVIEW OF THE SOUTH CAROLINA

AERONAUTICS COMMISSION

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MAJOR FINDING

The Legislative Audit Council found that the South Carolina Aeronautics Commission (SCAC) needs to be more accountable to the General Assembly and responsive to laws, regulations and sound management principles. There has been a lack of oversight and good management practices by Aeronautics officials. SCAC management has not exerted the initiative to establish policies and procedures for the safe and effective administration of the agency and aircraft operations. Management has not adopted sufficient channels of communication with employees or provided them with necessary training. The review disclosed violations of State Personnel regulations, inadequate control of property and questionable procurement practices.

The following problems outline the need for a more responsive management team.

- SCAC management has neglected to ensure that the use of aircraft has conformed to State law. In addition, no written guidelines have been established for the passenger use of SCAC aircraft (see p. 34).
- SCAC management has not billed agencies \$45,000 for flights and allows some State offices to fly free (see p. 42).
- SCAC has neglected to ensure safe and efficient flights by not adopting a flight operations manual for pilots (see p. 45).
- SCAC has not trained its pilots for law enforcement flights and in the proper use of firearms (see p. 51).
- SCAC management has purchased over \$400,000 in goods and services from a company owned by an Aeronautics Commissioner. Although the State Ethics Commission stated that no State ethics laws were violated, this

situation presents questionable procurement practices by SCAC (see p. 23).

- Management's method to procure services for a \$229,000 engine overhaul is questionable (see p. 26).
- SCAC management is unnecessarily spending \$150,000 per year on airport maintenance and \$32,000 annually on a monthly newsletter (see pp. 31, 59).
- Almost half, 46%, of 328 items on SCAC's equipment inventory could not be found (see p. 17).
- SCAC management has violated State Personnel regulations by not evaluating employees' work (see p. 12).
- A survey of Aeronautics employees indicates critical deficiencies in management skills (see p. 10).
- SCAC management has disregarded State law requiring assistance to minority businesses (see p. 28).

In addition, management has not accomplished tasks necessary to promote an effective airport development program as evidenced by the following:

- No standards developed for airport construction or guidelines to assist general aviation airports in obtaining funding (see p. 53).
- Not taken the initiative to complete the South Carolina State Airports Systems Plan in a timely manner (see p. 55).
- Neglected to develop standard criteria for comparing airports competing for limited funds (see p. 56).
- Inadequately monitored airports to ensure they are zoned in compliance with State and federal regulations (see p. 60).

In order to ensure that corrective action is taken by the Aeronautics Commission, the following recommendation is made.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD
ESTABLISH A PLAN FOR CORRECTIVE ACTION.
WITHIN ONE YEAR, A PROGRESS REPORT
SHOULD BE SUBMITTED TO THE HOUSE WAYS
AND MEANS COMMITTEE, THE SENATE FINANCE
COMMITTEE, AND THE JOINT TRANSPORTATION
COMMITTEE OF THE GENERAL ASSEMBLY.

CHAPTER I
HISTORY AND ORGANIZATION

Introduction and History

In 1935, the General Assembly enacted Act 317 which provided for the creation of the South Carolina Aeronautics Commission (SCAC). The Commission was granted the responsibility of fostering air commerce in the State, supervising aeronautical activities and facilities, and forming aviation rules and regulations for public safety. Until the 1950s, the Commission employed engineering and construction crews to build airports in South Carolina. However, with the advent of federal requirements concerning airport construction, the Commission now works with the local communities to secure funding for airport construction and improvements. The Aeronautics Commission began a program of State aid to airports in 1957. Today, the Aeronautics Commission serves the State by assisting in the development and improvement of public airports, regulating licensed aircraft in South Carolina and providing air transportation to State officials.

Organization and Function

The Aeronautics Commission staff implements policy decisions of the Commission and operates the daily functions of the agency. With 40 employee positions, the Commission is one of the smallest State agencies. Aeronautics

Commission offices are located at the Columbia Metropolitan Airport, West Columbia, South Carolina.

South Carolina law grants the Commission broad powers to establish and maintain a statewide system of airports. The Aeronautics Commission is involved in the maintenance, repair and improvement of existing public airports and the planning and construction of new public airports.

The Commission assists public airports in obtaining federal funding assistance. Under the Federal Airport Improvement Program (AIP), airport construction is financed by 90% federal funding, 5% local funding, and 5% state funding. The Commission also participates in projects, such as construction of airport terminal buildings, through the Economic Development Administration. Further, SCAC has airport maintenance crews and equipment in Columbia, Florence and Walterboro which provide upkeep for 53 public airports around the State. Airport maintenance consists of mowing grass, controlling weeds, repairing runway lighting and beacons, painting runway markers, and cleaning and making minor repairs to airport terminal buildings.

In addition to airport development, the Aeronautics Commission provides air transportation for constitutional officers, State legislators, and State employees traveling on State business. The Commission maintains a fleet of seven aircraft consisting of two eight-passenger, turbo-prop Beechcraft King Airs; a four-passenger Beechcraft Baron; a six-passenger, twin-engine Cessna 402; a two-passenger,

single-engine Cessna 206; a three-passenger Bell Jet Ranger helicopter; and a 10-passenger Bell 204 Huey helicopter. A staff of seven pilots is employed by SCAC to operate the aircraft. Each pilot holds helicopter and multi-engine, fixed-wing ratings approved by the Federal Aviation Administration (FAA). Two pilots also hold FAA Airline Transport Pilot ratings. The Aeronautics Commission also provides air transportation and support for law enforcement agencies to combat drug smuggling, conduct search and rescue work, emergency medical airlifts, and utility work, such as photography.

Other activities in which SCAC is involved include annual registration of all civil aircraft based in the State, supervision and control of aerial applicators, publication of a monthly newsletter and a State aeronautical chart each year, aviation workshops for public school teachers, and various safety meetings and pilot refresher training courses.

Commission Membership

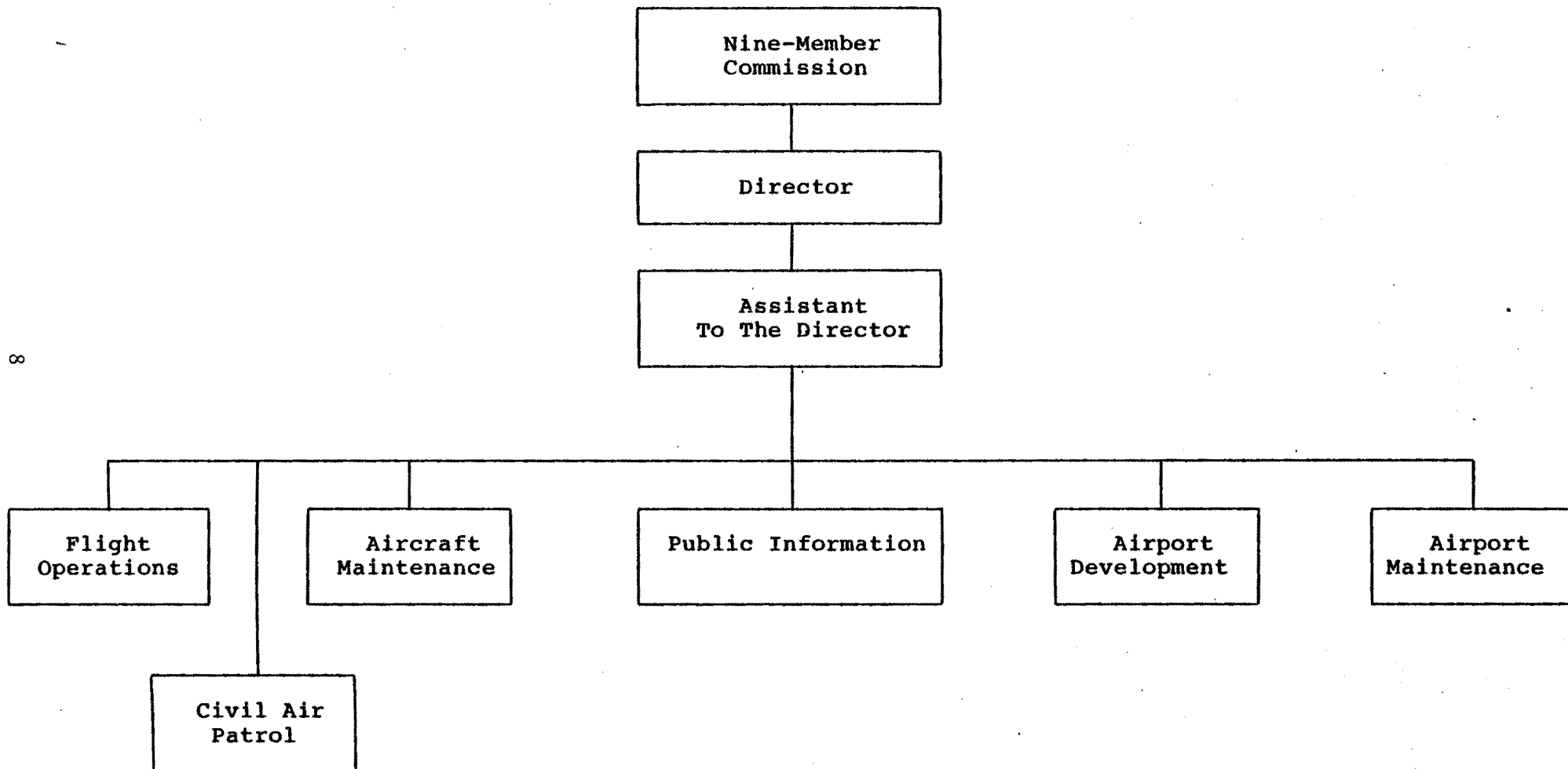
The Aeronautics Commission consists of seven members appointed by the Governor with the advice and consent of the Senate and two ex officio members. One commissioner is appointed from each of the six congressional districts with one at-large member. The at-large member is appointed to a six-year term while the members from districts serve four-year terms. The ex officio members are the Chairman of

the Senate Transportation Committee and the Chairman of the House Education and Public Works Committee, or their designees.

TABLE 1

SOUTH CAROLINA AERONAUTICS COMMISSION

ORGANIZATION CHART



Source: South Carolina Aeronautics Commission Annual Report FY 83-84.

TABLE 2
AERONAUTICS COMMISSION SOURCE OF REVENUES AND EXPENDITURES
FY 80-81 THROUGH FY 84-85

<u>Revenues</u>	<u>FY 80-81</u>	<u>FY 81-82</u>	<u>FY 82-83</u>	<u>FY 83-84</u>	<u>FY 84-85</u>
State General Fund	\$1,835,533	\$1,660,522	\$1,790,486	\$1,872,794	\$2,487,558
Federal Funds	47,947	11,454	8,498	162	10,061
Other Funds	50,000	128,492	93,901	132,456	200,218
TOTAL Revenues	<u>\$1,933,480</u>	<u>\$1,800,468</u>	<u>\$1,892,885</u>	<u>\$2,005,412</u>	<u>\$2,697,837</u>
<u>Expenditures</u>					
Administration	\$ 541,721	\$ 404,939	\$ 395,552	\$ 428,782	\$ 503,165
Airport Safety					
Maintenance	1,021,000	1,004,053	1,072,382	1,152,170	1,339,325
Regulation and					
Inspection	141,759	151,309	165,037	185,513	202,815
Civil Air Patrol	69,876	65,038	70,673	71,181	72,263
Aviation Education	11,307	10,316	10,798	11,839	4,708
Special Programs	54,345	67,491	77,912	48,063	57,633
Employee Benefits	93,472	97,322	100,531	107,864	124,651
Non Recurring					
Appropriations ¹	-	-	-	-	393,277
TOTAL Expenditures	<u>\$1,933,480</u>	<u>\$1,800,468</u>	<u>\$1,892,885</u>	<u>\$2,005,412</u>	<u>\$2,697,837</u>
TOTAL Personnel	36	35	38	38	40

Source: South Carolina Budget Documents, State Budget and Control Board.

¹This category was expended on aircraft engine overhaul, contractual services, hanger improvements, safety repairs, and state funding for two airports.

CHAPTER II

MANAGEMENT

Employee Survey

In order to determine employee opinions about management of the Aeronautics Commission, the Audit Council administered a survey to all SCAC employees in December 1984. Of 33 surveys distributed, 22 were returned for a response rate of 67%.

Poor Management Skills

SCAC employees revealed a high degree of discontent with the Commission's operation. The survey results demonstrate major problems which have not been addressed by top management. This is an indication of deficiencies in management skills. Poor communication was frequently mentioned as a problem by employees:

- 82% Disagreed with the statement "My supervisor lets me know beforehand of changes that will affect my work."
- 82% Disagreed with the statement "The policies and organizational structure of this office have been clearly set forth and explained."
- 77% Disagreed with the statement "A good job has been done in making known and interpreting the objectives of this office."

Similar questions concerning employee communication on three previous surveys administered by the Audit Council revealed a negative response rate of approximately 28%. One employee stated there needs to be "more two-way communication between upper-level management and staff."

Employees also noted a lack of management attention to teamwork and employee development:

- 77% Agreed with the statement "There is a need for improvement in the teamwork of staff in this office."
- 68% Disagreed with the statement "My performance is evaluated based on clearly defined goals and objectives."
- 73% Disagreed with the statement "My supervisor gives me the proper amount of responsibility and delegates sufficient authority for me to carry out my assignments."

Again, similar questions concerning teamwork and employee development on three previous surveys conducted by the Audit Council resulted in a negative response rate of approximately 41%.

A University of South Carolina public administration professor, who specializes in personnel management, said about the survey:

Although there is no proven level or percentage of employee dissatisfaction in management literature which indicates a significant problem to management, questions on this survey which indicate dissatisfaction of greater than 40% would clearly demonstrate to me that there is a management problem in those areas. Whether the survey responses indicate an actual or perceived dissatisfaction, there is still strong evidence of a management problem.

These areas of management deficiency are consistent with other findings of the Audit Council. For example, top SCAC management has not adopted a flight operations manual to ensure safety and efficiency (see p. 45). Management has not provided employees with needed law enforcement training (see p. 51). Further, management has violated State

personnel regulations by not periodically reviewing employee performance (see p. 12).

Effective communication, employee development and a clearly defined organizational structure are essential to an agency's operation. It is the responsibility of management to ensure that these conditions exist and to resolve problems when they are identified. Efficiency, employee morale, and public safety may be compromised if these problems are not resolved.

RECOMMENDATION

AERONAUTICS COMMISSION MANAGEMENT SHOULD
BE REQUIRED TO COMPLY WITH STATE
PERSONNEL REGULATIONS, IMPROVE
COMMUNICATIONS WITH EMPLOYEES AND
CLARIFY ITS ORGANIZATIONAL STRUCTURE TO
EMPLOYEES.

Violation of State Personnel Regulations

The Audit Council reviewed personnel management practices and personnel records at SCAC and found problems with performance evaluations, the Employee Performance Management System (EPMS) and the position questionnaires. Each of these is discussed in the following sections.

Poor Management of Performance Evaluations

A review of SCAC personnel files on March 29, 1985 found that 75.0% (42 of 56) of the required employee performance evaluations since January 1, 1983 were either missing (30), not reviewed by the employee (11), or incomplete (1).

Of the 56 employee review dates between January 1, 1983 and March 29, 1985, there was evidence of only 26 (46%) employee evaluations completed by SCAC management. As to the 30 missing performance evaluations, there is no evidence of nine employees receiving an evaluation since January 1, 1983. Four of these nine employees had not received an evaluation in five years. However, the four employees continued to receive merit increases.

Of the 26 evaluations performed on SCAC employees since January 1, 1983, 11 were not reviewed by the employees. One employee evaluation was incomplete since it did not contain an overall rating, or "Summary Appraisal," for the employee.

State Regulation 19-702.04 of the South Carolina Budget and Control Board, Division of Human Resource Management (DHRM) states that employees are to be formally evaluated at least once every 12 months.

Without timely evaluations, management cannot accurately assess the quality of an employee's performance. According to officials at DHRM, an agency would not have sufficient grounds for substandard performance and the dismissal of an employee unless there were recent

evaluations in the employee's file. If the terminated employee appealed to the State Employee Grievance Committee, the Committee would probably rule in favor of the employee.

Employee Performance Management System not Implemented

SCAC has not implemented the Employee Performance Management System as required by DHRM policy. An examination of employee performance evaluations given from July 1, 1983 to January 1, 1985 revealed that the new system was not used in 15 of the 16 evaluations.

The function of EPMS is to supervise and evaluate an employee's work through an on-going communication between the supervisor and the employee. The supervisor and the employee develop a performance plan which identifies what is to be accomplished during the review period and how performance will be measured. Employee performance is formally evaluated at least once at the midpoint of the appraisal year and again at the end of the review period.

The EPMS plan approved by DHRM stated that by December 31, 1982 all supervisors at SCAC would be trained and all other employees would have had orientation in EPMS to ensure that the new system was operating by June 30, 1983. Three of four supervisors below the Assistant Director have received no EPMS training. One supervisor stated that he was unable to conduct his employee's evaluations on time because he did not know how to use EPMS.

Of 16 SCAC employees contacted by the Audit Council in July 1985, only half have had any training or orientation concerning EPMS. However, an SCAC memorandum to DHRM on February 6, 1984 stated that all permanent SCAC employees had been trained in EPMS, all new employees would be trained, and that SCAC was currently implementing the EPMS program in the agency.

The EPMS plan for SCAC states:

...Any employee whose review date occurs as of July 1, 1983 or later, during the month of January, the supervisor will complete the planning stage for those employees who will then be rated under the new system at the time of their next review.

State Regulation 19-704.02 of the State Division of Human Resources Management requires the following:

- (a) Implementation of EPMS shall be initiated in all agencies no later than July 1, 1983.
- (b) Training shall be mandatory for all employees in each agency with regard to EPMS.
- (c) All performance appraisals shall become a part of employee's permanent file.

SCAC has violated Division of Human Resources Management regulations by not implementing EPMS. Furthermore, without EPMS, management is deprived of an opportunity to document employee strengths, weaknesses, and expected improvements. Employees are also denied the opportunity EPMS provides for the input of ideas and suggestions concerning specific job duties and

responsibilities. Most importantly, lack of EPMS represents a breakdown in the management responsibility of promoting employee proficiency through regularly scheduled performance reviews.

Lack of Position Questionnaires

A review of SCAC personnel records on March 29, 1985 revealed that 14 of 31 position questionnaires for SCAC employees were missing from the personnel files. Of the 17 position questionnaires located, 14 were not signed by the employee. In addition, SCAC has not submitted position questionnaires to the State Division of Human Resources Management as required by State regulation.

Position questionnaires include an accurate description of the assigned duties and responsibilities concerning a position. State Regulation 19-701.05 states that all position questionnaires shall be maintained up-to-date by both the agency and the State Division of Human Resources Management. The regulation also states that position questionnaires shall be reviewed by the supervisor with the employee upon conducting performance appraisals to ensure that they are current and accurate. When position questionnaires are not reviewed or signed, there is little evidence that employees are properly informed of their assigned responsibilities and duties.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD COMPLY WITH STATE DIVISION OF HUMAN RESOURCE MANAGEMENT REGULATIONS ON THE EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM AND POSITION QUESTIONNAIRES.

THE CHAIRMAN OF THE AERONAUTICS COMMISSION SHOULD REQUEST THE DIVISION OF HUMAN RESOURCES MANAGEMENT TO STUDY COMMISSION PERSONNEL PRACTICES AND MAKE RECOMMENDATIONS FOR IMPROVEMENTS.

Inadequate Property Inventory System

Inventory control procedures are inadequate for maintaining accountability of the Commission's property. The Commission's equipment inventory list is not complete or accurate.

The Audit Council conducted an inventory of 328 items on the inventory list, excluding aircraft, motor vehicles and related equipment, valued at \$220,800. One hundred fifty-one (46%) items could not be found. Total value of the items not found was \$73,400 or 33% of the total value of items checked.

During the inventory check, the Audit Council found 56 items which could not be identified on the inventory list. Additionally, the Audit Council found vouchers for nine

items totaling \$17,970 that could not be identified on the inventory list and four of these items valued at \$14,250 could not be located.

SCAC has also installed communications radios in two cars not belonging to Commission employees or Commissioners and in three automobiles belonging to appointed members of the Commission. The Assistant Director for Administration stated that this allows the Commissioners to stay in contact with Aeronautics maintenance crews if a Commissioner inspects an airport. However, the responsibility of Commissioners is to establish agency goals, policies and objectives, and not to be responsible for daily activities. Also, there is no documented evidence of need for the other two radios in non-SCAC automobiles.

There are several reasons why the Audit Council could not find certain items during the inventory check. Property tags were not always attached to items, serial numbers were not always listed on the inventory and some items were not included on the inventory list. According to the Commission's Assistant Director for Administration, there has been only one inventory conducted since 1979. He stated that in order to do an inventory the office would have to be closed.

The Commission's fixed assets accounting policies and procedures states that "It is the intent of the Commission that all assets be accounted for and available for support of agency programs." Section 10-1-140 of the South Carolina

Code of Laws states that the head of each agency employing less than 100 permanent employees shall be responsible for all personal property under his supervision. The section also states that the agency head shall submit an inventory of all such property to the Division of General Services each year. An Attorney General's Opinion dated May 3, 1982 says that by using the word inventory that the intent of the Legislature was to require an inventory rather than merely a listing of property. Therefore, SCAC has violated State law by not conducting an inventory each year. In 1984, the State Auditor's Office also found that the Aeronautics Commission could not adequately account for its inventory.

Inadequate property control can allow for the undetected theft or misuse of agency property, unnecessary duplicative purchasing of equipment, and distorted budget projections for future equipment needs. It ultimately results in a waste of taxpayers' money. The lack of good inventory management has resulted in the Aeronautics Commission not accounting for equipment valued at \$87,650.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION'S DIRECTOR
SHOULD DESIGNATE IN WRITING AN
INDIVIDUAL TO BE RESPONSIBLE FOR
INVENTORY CONTROL PROCEDURES. AN ANNUAL
INVENTORY SHOULD BE PERFORMED AS

REQUIRED BY LAW, AND ALL DISCREPANCIES
RECONCILED.

THE AERONAUTICS COMMISSION SHOULD
DEVELOP A COMPLETE INVENTORY LISTING TO
INCLUDE EQUIPMENT INFORMATION, SUCH AS
MANUFACTURER'S NAME, TRADE NAME, COLOR,
SERIAL NUMBER AND LOCATION. ALL
EQUIPMENT SHOULD BE INDIVIDUALLY TAGGED
AS "PROPERTY OF THE SOUTH CAROLINA
AERONAUTICS COMMISSION."

POLICIES SHOULD BE ADOPTED AND ENFORCED
TO ENSURE THAT EQUIPMENT IS PURCHASED
EFFICIENTLY AND IS USED ONLY IN THE
PERFORMANCE OF OFFICIAL AERONAUTICS
COMMISSION BUSINESS.

Motor Vehicle Management

Questionable Need for Automobiles

The need for the number of automobiles owned and operated by the Aeronautics Commission is questionable. In addition to eight trucks and vans and one permanently assigned vehicle, the Commission operates and maintains nine cars and station wagons within its motor pool for use by its employees.

During FY 82-83, six of the nine automobiles traveled less than 10,000 miles each. The following year, FY 83-84, five of the nine automobiles traveled less than 10,000 miles each, including two which traveled less than 2,500 miles each.

The Division of Motor Vehicle Management's (DMVM) 1983 Management Review estimates that it is economical to operate and maintain an automobile if it is driven a minimum of 14,500 miles a year. Otherwise, savings can be realized by paying reimbursement for the use of a privately owned vehicle. The Commission operates and maintains more automobiles than is necessary for the number of miles driven by its employees. This results in an inefficient use of vehicles and the unnecessary expenditure of State funds.

Trip Logs Improperly Maintained

Improperly maintained trip logs prevents the Commission from using these records for the purpose intended. Trip logs maintained by the Commission do not always indicate the nature of the job function involved when an automobile is used. For example, during FY 82-83, one vehicle traveled 9,133 miles. Trip logs did not show the job function involved for 2,495 miles (27%) of the total mileage.

DMVM's manual states that trip logs shall specify beginning and ending mileage and the job function performed. Trip logs primarily serve as a management tool to permit an

accurate evaluation of the efficient and effective operation of a vehicle or fleet of vehicles.

Improperly maintained trip logs prevent the Commission from conducting an accurate evaluation of its motor pool usage. Since management does not ensure that the purpose of each trip is recorded, little deterrent to the unofficial use of State vehicles is provided. Aeronautics officials have not taken the initiative necessary to ensure that employees properly maintain trip logs.

No Motor Pool Procedures

The Aeronautics Commission has not developed management procedures for the use of its motor pool. DMVM's manual states that agencies operating motor pools shall develop appropriate management procedures in line with DMVM's manual.

Aeronautics employees are without procedures to guide them in the use of motor vehicles. Therefore, automobiles may be used ineffectively and in unofficial capacities. An Aeronautics official stated that the Aeronautics Commission was too small to need motor pool procedures. However, the Commission maintains 18 vehicles for 33 employees.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD
REEVALUATE ITS MOTOR VEHICLE

REQUIREMENTS TO DETERMINE THE NUMBER OF
VEHICLES NEEDED TO PERFORM ITS MISSION.
IF FEWER ARE NEEDED, THEN EXCESS
VEHICLES SHOULD BE DISPOSED OF IN A
MANNER BENEFICIAL TO THE STATE.

PROCEDURES FOR THE USE OF THE
COMMISSION'S MOTOR POOL SHOULD BE
DEVELOPED. MANAGEMENT SHOULD
PERIODICALLY INSPECT TRIP LOGS TO ENSURE
THAT THEY ARE PROPERLY MAINTAINED.

Procurement Practices

The Audit Council reviewed the area of procurement practices at the Aeronautics Commission. As part of this review, SCAC's relationship with one of its Commissioners, an engine overhaul project and the Minority Business Plan were examined. The following problems were found.

Questionable Procurement Policies

An Aeronautics Commissioner owns a company that has done approximately \$400,000 in business with SCAC between July 1981 and July 1985. Of this amount, none was obtained through competitive bid solicitation. The company owned by the Commissioner specializes in aircraft maintenance, leasing, equipment and training. There is no evidence that

other companies were offered the opportunity to supply the same services.

For example, SCAC spent \$60,000 with the Commissioner's business in July 1982 to have a damaged aircraft engine removed and replaced with a loaned engine. The company, in turn, had the engine repairs made out of State. SCAC did not solicit bids for these repairs; however, there are two other aircraft companies in South Carolina that stated they could have provided the same services that the Commissioner's business provided.

In 1977, SCAC requested an opinion of the State Ethics Commission stating "the [Aeronautics] Commission does do business with firms in which Mr. _____ [the proposed Commissioner] has an interest." The Aeronautics Commission wanted assurance that they were not violating §8-13-450 of the South Carolina Code of Laws which provides:

Unless otherwise provided by law, no person shall serve as a member or employee of a governmental regulatory commission that regulates any business with which that person is associated.

The Ethics Commission concluded that seating the member on the Aeronautics Commission would not be in violation of State ethics legislation. Their reason was stated as follows:

The State Ethics Commission notes, however, that Section 55-5-30 provides that:

'At no time shall there be more than three members on the Commission who are directly engaged in commercial (sic) aviation.'

Therefore, assuming there are no more than three members of the Commission engaged in commercial aviation, the provisions of Section 8-13-450 would not apply.

Another factor is that §11-35-1520 excludes the Aeronautics Commission from competitive bidding requirements. It states that all contracts of \$2,500 or more shall be awarded through competitive sealed bidding; however, "The provisions of this section shall not apply to maintenance services for aircraft of the S.C. Aeronautics Commission."

Although SCAC is not required to solicit competitive bidding for aircraft maintenance services and is allowed by the State Ethics Commission to draw commissioners from the aviation industry, this section does not relieve the Commission of its responsibility to ensure the most economical maintenance services. Bid solicitation, to ensure that services are purchased at the most economical price, is generally accepted as a part of good management practices.

Agency commissioners should not place themselves in a position where personal business could conflict with or benefit by public position. As a matter of agency policy, commissioners and public officials should keep business interests separate from the agencies they serve. This problem is recognized by the statutes governing other boards and commissions in South Carolina. For example, §43-1-25 prohibits members of the State Board of Social Services from

owning interest in companies which do business with the Department of Social Services.

The relationship this Commissioner has with SCAC raises the question of whether the best interest of the State is being served. While procurement from Commission members may not be a violation of State law, it represents a bad business practice. Without competitive bidding or guidelines, the Aeronautics staff might feel obligated to purchase aircraft maintenance services sold by the Commission member, not through any overt action by the member, but simply because the member holds power over the staff.

Questionable Procurement

The Aeronautics Commission has not followed sound management practices in purchasing aircraft maintenance services. The method used to procure services for a \$229,000 engine overhaul is questionable.

In November 1984, the Commission obtained aircraft engine overhaul services for one of its aircraft. The Materials Management Office of the Division of General Services handled the procurement through the competitive sealed bidding process. Originally, a 21-day period was given between the time of issuing bid invitations and the bid opening. According to General Services, this is the normal amount of time given for this process. Three days after bids were solicited the Aeronautics Commission asked

that bidding be closed 11 days early. The Aeronautics Commission told General Services that everyone who would offer a bid could do so in this time frame. An amendment was prepared which notified potential bidders of this change.

The project was awarded to the one bidder whose response was received before the bid opening date. Two other bids arrived after the project was awarded but before the original date for bid opening. Another potential bidder responded that because of the reduction in time before bid opening, there was "not enough time in our opinion to submit an intelligent bid of this size." The original estimate for the overhaul was \$172,000. Actual cost for the project was over \$229,000. This engine overhaul project was not awarded to the Commissioner-owned company that has done other business with SCAC.

Section 11-35-1520 of the South Carolina Code of Laws, which specifies competitive sealed bidding procedures, exempts the Aeronautics Commission from this process for aircraft maintenance services. The Aeronautics Director stated the bid opening date was changed because they were running out of time on the engines. Engines on this aircraft are to be overhauled every 3,000 flight hours. Aircraft instruments and flight logs record and monitor time on the engines. Therefore, management was aware of the upcoming deadline and could have prepared for the purchase in advance.

Aeronautics' exemption does not assure the State of obtaining the most advantageous bid on major aircraft maintenance repair services. Potential bidders were not given an adequate opportunity to compete for the \$229,000 engine overhaul project. This type of situation can arise because of SCAC's exemption from competitive sealed bidding procedures.

One of the purposes of the Consolidated Procurement Code is "to provide increased economy in State procurement activities and to maximize to the fullest extent practicable the purchasing values of the funds of the State." Neither the Wildlife and Marine Resources Department, the Development Board, the Medical University of South Carolina, nor the State Law Enforcement Division are exempt from the competitive sealed bidding process for their aircraft maintenance services. Each of these agencies, excluding the Development Board, uses General Services for major aircraft maintenance services. The Development Board has secured a contract through General Services for aircraft maintenance. The Aeronautics Director stated he felt the Commission was exempt from the process so they would not be "bogged down" in case of an emergency. However, the South Carolina Consolidated Procurement Code already specifies conditions under which an emergency procurement may be made.

No Minority Business Plan

The Aeronautics Commission has not complied with the South Carolina Consolidated Procurement Code requirements for assistance to minority businesses. SCAC has not prepared a Minority Business Enterprise Utilization Plan (MBEUP) for FY 83-84 or FY 84-85. Additionally, quarterly reports have not been submitted to the Small and Minority Business Assistance Office (SMBAO) since August 1983.

SMBAO of the Governor's Office was established to assist State agencies in carrying out the intent of Article 21 of the South Carolina Procurement Code. MBEUPs are to be submitted for approval not later than July 30 annually. SMBAO's procurement consultant stated that their office has not received a plan or quarterly reports from SCAC since those submitted for FY 82-83.

In addition to violating the procurement law, the agency's lack of action does not ensure that businesses owned and operated by minorities are afforded the opportunity to fully participate in the State procurement process. Failure to prepare and submit a plan prevents SMBAO from assessing efforts to solicit and acquire goods and/or services from minority businesses.

The Aeronautics Commission has not taken the initiative necessary to comply with the Assistance to Minority Business Act. SCAC's Assistant Director for Administration stated there are no minority businesses that could provide goods and/or services to his agency, and that the Aeronautics

Commission had received a waiver and was not required to submit a plan. The Small and Minority Business Assistance Office stated they have not granted SCAC a waiver and, by law, could not grant such a waiver.

RECOMMENDATIONS

THE DIVISION OF GENERAL SERVICES SHOULD REVIEW AERONAUTICS COMMISSION PURCHASING PRACTICES AND MAKE RECOMMENDATIONS TO THE COMMISSION FOR POLICIES CONCERNING BUSINESS CONDUCTED WITH COMPANIES OWNED OR OPERATED BY AERONAUTICS COMMISSIONERS.

THE GENERAL ASSEMBLY SHOULD CONSIDER AMENDING §11-35-1520 OF THE SOUTH CAROLINA CODE OF LAWS IN ORDER TO ELIMINATE THE AERONAUTICS COMMISSION'S EXEMPTION FROM COMPETITIVE BIDDING PROCEDURES FOR AIRCRAFT MAINTENANCE SERVICES.

THE AERONAUTICS COMMISSION SHOULD SEEK ASSISTANCE FROM THE SMALL AND MINORITY BUSINESS ASSISTANCE OFFICE TO IDENTIFY MINORITY BUSINESSES THAT CAN PROVIDE GOODS AND/OR SERVICES TO THE AGENCY.

THE COMMISSION SHOULD PREPARE MINORITY
BUSINESS ENTERPRISE UTILIZATION PLANS
AND SUBMIT QUARTERLY REPORTS AS REQUIRED
BY LAW.

Monthly Newsletter not Needed

The Aeronautics Commission spent approximately \$50,600 in FY 84-85 to publish an unnecessary monthly newsletter. The newsletter, Palmetto Aviation, is mailed to all registered pilots, fixed-base operators, and public airports, in addition to State agencies and legislators free of charge. SCAC prints approximately 8,000 copies of Palmetto Aviation each month. Direct costs of the newsletter account for \$32,961 of the total cost.

The SCAC Public Information Director stated that the newsletter serves to educate pilots of changes in federal and State aviation laws, inform pilots of airport changes in South Carolina and increases flight safety by notifying pilots of changes in laws.

However, a survey of eight southeastern states revealed that only one state publishes an aviation newsletter. Virginia publishes a newsletter quarterly at a cost of \$11,000 per year. Officials from the states without a newsletter reported that monitoring changes in airports and aviation law is the responsibility of individual pilots. An aeronautical official in Florida stated that federal circulars, which are frequently issued as federal laws

change, include changes in the Federal Aviation Administration (FAA) Code. North Carolina conducts seminars each year with the FAA to instruct pilots in flight safety.

There is no evidence that South Carolina pilots and other aviation professionals would be less informed if Palmetto Aviation were discontinued.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD DISCONTINUE THE NEWSLETTER, PALMETTO AVIATION. STATE FUNDS FOR THE COMMISSION SHOULD BE REDUCED BY THE AMOUNT OF SAVINGS REALIZED.

IF THE AERONAUTICS COMMISSION CONTINUES THE NEWSLETTER, A SUBSCRIPTION FEE SHOULD BE CHARGED TO COVER ALL COSTS OF PROVIDING THE NEWSLETTER.

No Policies and Procedures Manual

The Aeronautics Commission does not have a policies and procedures manual addressing the overall operations, administration, and management procedures of the agency. The Commission's management, supervisors and employees are without a manual to guide them in the performance of their duties.

Although there are no State requirements for a policies and procedures manual, such manuals for the administration and control of agency activities are generally accepted as good management practices. Policies and procedures are needed to ensure an adequate degree of "checks and balances" over the complex operations of agencies.

The lack of written policies and procedures hampers management efficiency and effectiveness because it is difficult to hold employees accountable for verbal or nonexistent guidelines. Unwritten procedures can easily be misinterpreted and erroneously communicated. Employees have commented on the need for written policies and procedures in order to increase coordination and productivity.

The Audit Council asked the Aeronautics Commission why they did not have a policies and procedures manual. The Assistant Director stated that the agency has adopted State Personnel's policies and procedures as their own. However, this does not inform employees of agency goals and objectives, as well as other administrative and management policies and procedures peculiar to the agency.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD
DEVELOP A POLICIES AND PROCEDURES MANUAL
ADDRESSING THE OPERATIONS,
ADMINISTRATION, AND MANAGEMENT
PROCEDURES OF THE AGENCY.

CHAPTER III
AIRCRAFT OPERATIONS

Use of State Aircraft

The Council examined the laws, policies and procedures governing the use of State aircraft. The Aeronautics Commission should take an active role to ensure flights are made in accordance with existing guidelines. An inter-agency agreement between the Aeronautics Commission and other aircraft-owning agencies to encourage the efficient use of the State's fleet is necessary. In addition, written procedures are needed for the use of State aircraft, and some flights are not as economical as they should be.

Aircraft Flight Logs

The Audit Council examined flight logs of SCAC to determine compliance with State law in Section 174 of the 1984-85 Appropriation Act. A random sample of 251 flights, representing one-third of all SCAC flights between July 1, 1984 and April 30, 1985, was reviewed by the Audit Council.

Section 174 requires the following:

- A sworn statement must be filed with SCAC before each flight, describing the official nature of trip. (A 1984 Attorney General's Opinion stated that a sworn statement must be completed and notarized before the flight.)
- Flight logs must be signed by all parties on each flight, except individuals certified as "confidential

passengers" by the State Law Enforcement Division (SLED) or the State Development Board.

- All flights must be for official business.

Although Section 174 was not passed as permanent legislation and expired on June 30, 1985, the Aeronautics Commissioners voted to continue enforcement of the section.

Noncompliance with State Law

Approximately 32% (81 of 251) of SCAC flights reviewed did not comply with State law requiring that all flights be accompanied by sworn statements, that flight logs be signed by all passengers, and that all flights be for official business. Some flights violated more than one of these requirements.

- Twenty-four percent (62 of 251) of the flights were made without first filing a sworn statement with SCAC certifying and describing the official nature of the trip. Of these, 27 did not adequately describe the official nature of the trip.
- Twelve percent (30 of 251) of the flights were made without all passengers signing the flight log.

The Audit Council could not determine if some flights were for "official business." Section 174 states:

Official business shall not include routine transportation to and from meetings of the General Assembly or committee meetings for which mileage is authorized.

Since Section 174 did not define "routine transportation," it is not clear what routine transportation consists of.

One factor contributing to possible violations of State law is that SCAC has not included written regulations and

guidelines in an aircraft usage and reservation policy (see p. 37) to control unnecessary air travel. In addition, SCAC management has allowed flights to be taken without first requiring passengers to complete flight logs.

Without guidelines for the use of aircraft, there is no mechanism to regulate the use of aircraft for official business. Furthermore, guidelines provide for equal and consistent regulation for all individuals using aircraft. However, without enforcement of regulations, SCAC cannot ensure that aircraft are being used in the best interest of the State. Providing complete flight documentation for internal control will enable SCAC to examine its flights for economy and cost-efficiency, as well as promote accountability to the General Assembly.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD
PROMULGATE REGULATIONS TO ENSURE
EFFICIENT USE OF ITS AIRCRAFT AND THAT
ALL FLIGHTS ARE ADEQUATELY DOCUMENTED.
REGULATIONS SHOULD INCLUDE CLEAR
DEFINITIONS AS TO WHAT CONSTITUTES
OFFICIAL BUSINESS.

THE AERONAUTICS COMMISSION SHOULD
ENFORCE THE ADOPTED REGULATIONS
CONCERNING AIRCRAFT USE. THE COMMISSION

SHOULD NOT ALLOW PASSENGERS TO BOARD IF
THEY DO NOT PROPERLY COMPLETE FLIGHT LOG
DOCUMENTS.

No Aircraft Usage or Reservation Policy

The Aeronautics Commission has no written policy for the use or reservation of State aircraft. State agencies and offices are without guidelines to assist them in adhering to the Commission's and State's policies on the use of Aeronautics aircraft.

Certain offices within State government have priority use of aircraft over other governmental units. The Commission reserves the right not to confirm a flight until 3 p.m. the day before a trip. Neither of these policies or procedures are in writing.

The Wildlife and Marine Resources Department, the Development Board, SLED and the Medical University of South Carolina (MUSC), as well as aeronautics agencies in Virginia, North Carolina, Georgia and Florida, all have a written utilization/reservation policy. Virginia's policy states:

Bumping of scheduled flights by higher priority users will not be permitted within 72 hours of the scheduled take-off unless the Governor determines that an emergency exists.

The four states reviewed each have a written reservation priorities list. Other topics addressed by policies include

such areas as who eligible users/passengers are, information needed for scheduling flights and aircraft rates.

The South Carolina Department of Motor Vehicle Management (DMVM) also has to schedule the transportation of passengers. Its manual states "Reservations should be made at least three (3) working days in advance to insure that a unit is available." DMVM's manual also gives examples of authorized and unauthorized use of State vehicles.

The Aeronautics Director states Commission meeting minutes are used as the agency's policy. He also stated constant changes in Commission policy would require continuous updating of a written policy.

Aeronautics management and employees, as well as State agencies and offices, are without written procedures to guide them in complying with Commission policy. Unwritten policies can easily be misinterpreted and erroneously communicated. Agencies state they have been bumped from Aeronautics flights. This can create a reluctance to use State aircraft, even if it is the most economical means of transportation. Lack of a written policy can also lead to violations as noted on page 35. In addition, without a written policy the Commission has not reasserted the State's position that Aeronautics aircraft be used for official business only.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD ADOPT WRITTEN GUIDELINES ADDRESSING THE COMMISSION'S POLICIES AND PROCEDURES ON THE USE OF ITS AIRCRAFT. THIS POLICY SHOULD BE DISTRIBUTED TO ALL POTENTIAL USERS OF COMMISSION FLIGHT SERVICES.

Inter-Agency Aircraft Coordination

There have been no written procedures or criteria established for the Aeronautics Commission to request aircraft from other agencies. In FY 83-84, the Commission unnecessarily spent an additional \$7,500 by renting aircraft from private sources rather than State agencies. In 35% (nine of 26) of the cases where the Commission rented from private sources, other State aircraft were available and more economical to use.

Officials of State agencies told the Audit Council that a written agreement is not needed to allow the Aeronautics Commission to use their aircraft. Four of the five State agencies owning aircraft have a written policy concerning aircraft usage. However, the Commission states it has not obtained copies of these policies.

The Aeronautics Commission stated that each of its request to use the Development Board's Learjet has been denied. According to the Development Board, the Commission

could use the aircraft if it complies with the Board's policy and no flight is scheduled.

Good management practices dictate that procedures be established to allow for the most practical and economical use of the State's aircraft resources. MUSC has made its aircraft available to other agencies in the Charleston area. In addition, a previous agreement between the Commission and the University of South Carolina allowed for the mutual use of a University aircraft provided the University had priority use of the plane.

By not renting aircraft from other State agencies when available, the Aeronautics Commission has spent more than was necessary. This results from lack of a formal written agreement between the Commission and other State agencies concerning conditions under which aircraft can be requested.

RECOMMENDATION

THE GENERAL ASSEMBLY SHOULD APPOINT AN
AD HOC COMMITTEE COMPOSED OF
REPRESENTATIVES FROM EACH AGENCY OWNING
STATE AIRCRAFT, EXCLUDING ATHLETIC
DEPARTMENTS OF THE STATE'S UNIVERSITIES.
THIS COMMITTEE SHOULD ADOPT A WRITTEN
AGREEMENT ALLOWING THE AERONAUTICS
COMMISSION TO REQUEST OTHER AGENCIES'
AIRCRAFT BE USED IF NECESSARY OR
APPROPRIATE.

Uneconomical Flights

Some State agencies have not used the most economical means of aircraft transportation. Agencies have used commercial and other means of air transportation when Aeronautics rates are lower.

A 1980 Reorganization Commission report found that savings could be realized by using Aeronautics aircraft on trips where three or more passengers fly to the same destination and return on the same day. An Audit Council survey of 23 State agencies' air travel for a three-month period confirmed this finding. For example, two agencies could have saved approximately \$180 on a round trip to Atlanta under these circumstances. In addition, agencies could save time by not having to conform with commercial flight schedules.

Agencies stated the choice between commercial airlines and SCAC is usually a judgment call and they did not contact SCAC for all flights of three or more passengers. Agencies were also unsure of Aeronautics rates and procedures (see p. 37).

RECOMMENDATION

STATE AGENCIES SHOULD CONTACT THE
AERONAUTICS COMMISSION CONCERNING
AIRCRAFT AVAILABILITY AND RATES WHEN AIR
TRANSPORTATION IS NECESSARY FOR THREE OR
MORE INDIVIDUALS.

No Standard Billing Practices

Agencies Billed Inconsistently

The Aeronautics Commission has been inconsistent in billing State agencies for flights taken on State aircraft. Additionally, the Commission has not always prepared bills for flights in a timely manner.

Aeronautics staff designates for each flight whether or not an agency is to be billed. A review of flight logs, and bills for the 18-month period preceding January 1985, revealed that the Commission did not bill agencies for some flights designated for billing. During this period, State agencies were not billed for \$45,000 (40%) of the \$111,000 designated for collection from agencies taking flights. Bills for flights were sometimes not prepared until three or four months after a flight was taken.

Management has not taken the initiative to establish written policies and procedures for its personnel in order to ensure billing is timely and consistent. There is no written criteria pertaining to billing agencies for flights. When the Commission does not bill agencies for flights, the cost of providing this service is absorbed by the Aeronautics Commission.

Some State Offices not Billed

The Commission does not bill the Governor, Lieutenant Governor, constitutional officers, members of the General

Assembly, Legislative Committees or any organization within these branches of government, including the Legislative Audit Council, for flights. None of these offices are designated for billing.

The Assistant Director states that these offices are not billed because it is Aeronautics' duty to transport these officials. However, no specific legislation or provision could be produced or found to support this position. Since the cost of flying these officials is funded by the Aeronautics Commission, the expenditures are also shown in the Commission's budget. This accounting practice results in understating the cost of operating those offices that are exempt from paying for flight services. Furthermore, when a governmental unit is not held responsible for all of its operating costs, there is a reduced incentive for efficiency and accountability.

The Department of Motor Vehicle Management bills every agency, office and organization that leases an automobile from DMVM. The Audit Council surveyed seven other southeastern states to determine their practice in this matter. Six of these states bill every governmental unit for flights taken. The other, Alabama, bills every agency or office except the Governor. A National Council on Governmental Accounting research report states one of the basic objectives of accounting and financial reporting is:

For determining the cost of programs, functions and activities in a manner which facilitates analysis and valid comparisons with established criteria,

among time periods, and with other governmental units.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD DEVELOP WRITTEN POLICIES AND PROCEDURES TO ENSURE TIMELY AND CONSISTENT BILLING FOR FLIGHTS. THIS SHOULD INCLUDE A DESIGNATED TIME PERIOD FOR BILLING.

EVERY AGENCY, OFFICE OR GOVERNMENTAL UNIT TAKING FLIGHTS ON AERONAUTICS COMMISSION AIRCRAFT SHOULD BE BILLED FOR ALL FLIGHTS IN ORDER TO ACCURATELY REFLECT THE COST OF OPERATING THOSE ORGANIZATIONS.

ALL STATE GOVERNMENTAL AGENCIES, UNITS AND OFFICES SHOULD PRESENT THEIR REQUESTS AND JUSTIFICATIONS FOR FLIGHT SERVICES AS PART OF THEIR ANNUAL BUDGET REQUESTS.

THE AERONAUTICS COMMISSION'S APPROPRIATION SHOULD BE REDUCED ACCORDINGLY TO COMPENSATE FOR THE INCREASED BUDGETS OF THOSE GOVERNMENTAL

UNITS THAT USE THE COMMISSION'S
AIRCRAFT.

No Flight Operations Manual

The Aeronautics Commission has no flight operations manual. Management has not taken the initiative to adopt a manual containing basic policies and procedures for Commission pilots.

An operations manual would standardize pilot and cockpit procedures during takeoff, while en route, and during approach and landing phases of flights. Some other areas normally addressed by such manuals include emergency procedures, duty and flight time, aircrew training and development, and accident procedures.

The Aeronautics Director stated the Commission did not have an operations manual. However, the Assistant Director stated they have a manual under revision, but he could not recall the last time the Commission had an approved manual.

The National Business Aircraft Association (NBAA) assists corporate flight departments which operate under Title 14 Code of Federal Regulations Part 91 as does the Aeronautics Commission. The National Transportation Safety Board, in a 1978 letter to the NBAA, suggested basic policies and procedures be documented in a flight department where a flight manager supervises four or more pilots or aircraft. The letter stated, in part:

The Safety Board believes that a flight operations manual is the most practical

means to establish and promulgate common administrative and flight operation policies and procedures to insure that a strong measure of standardization is conveyed to company pilots.

It is NBAA's view that an operations manual should be the cornerstone of a safe and efficient aircraft operation.

Aeronautics Commission pilots are without a manual to guide them in fulfilling their duties and responsibilities. Unwritten flight operation policies and procedures can reduce the level of safety and efficiency.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD
PREPARE AND ADOPT A FLIGHT OPERATIONS
MANUAL.

Participation in Law Enforcement

The Audit Council reviewed the Aeronautics Commission's involvement in law enforcement activities. As a part of this review, the Council found the questionable possession of an automatic weapon by the SCAC Director, grenades unnecessarily possessed by SCAC, and lack of law enforcement training by SCAC staff. These are discussed in the following sections.

Questionable Possession of Automatic Weapons

The Audit Council identified possible violations of State firearm laws by the Director of SCAC. The Director

was in possession of two automatic weapons, one of which was possessed for more than five years without registering the weapon with the State Law Enforcement Division (SLED).

Although SLED had issued a Heckler and Koch submachine gun to the Director, there was no record of SLED issuing or authorizing him to possess an Uzi submachine gun.

The Audit Council tried to reconcile the weapon to the State's inventory. The Uzi could not be located on the Aeronautics Commission inventory. The Director first informed the Council that he received the Uzi "more than five years ago." The Council examined the SCAC records from FY 77-78 through FY 80-81 but was unable to locate evidence that the Uzi was purchased by SCAC during that period. Although requested by the SCAC Director, and after a month of searching agency records, the Director concluded that he could not determine when the weapon was acquired, nor what type of funds were used for its purchase.

SLED officials stated that they did not purchase the Uzi submachine gun, and it was not on their inventory or registration list. On September 17, 1985, the SCAC Director turned over to the Chief of SLED the Uzi submachine gun and a Heckler and Koch submachine gun.

In October 1985, the Audit Council referred information concerning the Uzi submachine gun to the United States Bureau of Alcohol, Tobacco, and Firearms (ATF). Officials from ATF told the Council that although specific information concerning the weapon was confidential and could not be

released under federal law, there were no violations of federal law by the SCAC Director.

However, §23-31-330 of the South Carolina Code of Laws states that a person entitled to possess a machine gun shall file an application with SLED each year to have the gun registered. The law requires the approved applicant to be issued a card which he is to keep while such machine gun is in his possession. Furthermore, §23-31-340 states:

Any person violating any of the provisions of this article shall be deemed guilty of a misdemeanor and, on conviction thereof, shall be fined not more than ten thousand dollars or be imprisoned not more than ten years, or both.

In November 1985, the Audit Council notified the Chief of SLED of possible violations of State law by the Director of the Aeronautics Commission. Officials from SLED responded (see Appendix B), in part, to the Audit Council with the following:

The State statutes governing the purchase, possession, and control of firearms (including machine guns) are being scrutinized by our staff...We find sufficient ambiguity in the existing statutes to create confusion and make compliance difficult. However, in our view, Mr. Hamilton is factually qualified under Section 23-31-320 as a person permitted to possess a machine gun, even though Section 23-31-330 may require registration.

Certainly, ignorance of the law is no excuse, but Mr. Hamilton complied with the law of precedence (i.e., federal law), and by doing it, he demonstrated in our opinion that it was not his intent to violate the law. If the law permits Mr. Hamilton to possess such a

weapon in the first place, then a violation of the requirement for (State) registration would follow as a technical offense.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD
DEVELOP POLICIES CONCERNING USE OF
WEAPONS BY EMPLOYEES. COPIES OF THESE
POLICIES SHOULD BE SUBMITTED TO THE
STATE LAW ENFORCEMENT DIVISION FOR
REVIEW AND APPROVAL.

Possession of Grenades

The Aeronautics Commission is in possession of 13 "riot-control" grenades not needed by the agency. These included tear gas, "irritating agents," and "sickening gas" type grenades.

Further, SCAC has not provided adequate protection and security for the grenades. None of the grenades could be located on the Aeronautics Commission inventory. The Council could not determine if any of the grenades were missing because no records pertaining to the grenades exist. The grenades are stored in an open bucket in an SCAC aircraft hangar. The hangar is used to store federal, State and local government aircraft. Lack of adequate security resulted in easy access to the grenades.

In addition, the grenades may be unsafe. The expiration dates on the grenades ranged from September 1968

to September 1973. An official of the company that manufactured the grenades stated that after the expiration dates these weapons become very unreliable. The official also stated that chemicals leaking from the grenades over a period of years, as well as exposure to extreme heat, could create a safety hazard for employees and equipment. An Aeronautics employee stated that hangar temperatures in excess of 100°F are common in the summer.

The Assistant Director of the Aeronautics Commission stated that they did not know how to properly dispose of the grenades. He also stated that officials at Fort Jackson could not remove and destroy the grenades since they are located on nonmilitary property. The Director of SCAC stated that the weapons were obtained from SLED and have been at the Aeronautics Commission since at least 1972. Neither the Director nor the Assistant Director have contacted SLED concerning removal of the grenades. Furthermore, a SLED official stated that there is no record of the weapons being issued to SCAC by SLED. The official also stated that he did not know why the Aeronautics Commission would need the grenades.

Government agencies that maintain weapons are responsible for providing adequate security and control to combat theft and misuse. Also, the proper disposal of hazardous materials should be included in a policies and procedures manual as a part of good management practices. Without adequate safety measures, SCAC could be jeopardizing

employee safety and the safety of aircraft being stored in the hangar.

RECOMMENDATION

SOUTH CAROLINA AERONAUTICS COMMISSION
SHOULD REQUEST THAT THE STATE LAW
ENFORCEMENT DIVISION IMMEDIATELY REMOVE
THE GRENADES FROM THE AIRCRAFT HANGAR
AND HAVE THEM PROPERLY DISPOSED.

Law Enforcement Training Needed

The Aeronautics Commission has not trained its pilots for law enforcement flights and in the proper use of firearms. Thirteen Aeronautics employees have a constabulary commission, including all but one of the pilots. Eleven of the 13 have been issued a hand gun.

The Chief of SLED designated SCAC as the air arm of SLED in 1980. During FY 84-85, two of SCAC's six aircraft were used over 40% each for SLED purposes. These flights serve purposes such as marijuana eradication, drug investigations and searching for fugitives. In addition, SLED is not billed for any of these flights (see p. 42).

SLED and the Department of Wildlife and Marine Resources pilots have received law enforcement training. These pilots receive in-service training each year which includes a course in when to fire a weapon.

Management has not taken measures to prepare employees for potentially dangerous situations. Aeronautics management stated that pilots have not been given training because they are not first-line law enforcement officers. However, employees not trained in the use of weapons are unprepared for law enforcement duties. This could result in poor judgment, accidental injury, and the unnecessary use of "deadly force."

During the course of the audit the Commission took action to correct this situation. Pilots will be trained on a voluntary basis at the Criminal Justice Academy. Only these pilots will be used to fly law enforcement missions.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD ABIDE
BY ITS POLICY CONCERNING LAW ENFORCEMENT
FLIGHTS. ONLY PROPERLY TRAINED
EMPLOYEES SHOULD FLY LAW ENFORCEMENT
MISSIONS.

CHAPTER IV
AIRPORT DEVELOPMENT

No Standards and Guidelines for Airports

No State Standards for General Aviation Airports

The Aeronautics Commission has not developed State standards for airport construction and development for the general aviation airports in South Carolina. SCAC received a project grant from the Federal Aviation Administration (FAA) in December 1977 to develop State standards for general aviation airports by January 1979. However, the grant expired in December 1984, and as of August 1985, there was no evidence that SCAC staff had developed guidelines or standards.

In December 1981, Aeronautics Commissioners requested SCAC staff to establish guidelines and standards for airport construction by January 1982. The SCAC Director recommended to the Commissioners that the agency adopt FAA specifications in lieu of producing a manual of State standards for planning and development of general aviation airports. However, there is no evidence that SCAC adopted FAA specifications concerning airport construction.

Since SCAC did not develop State standards for airport construction, the agency has unnecessarily spent \$21,850 of the FAA project grant. Furthermore, without standards for airport construction and development, SCAC cannot ensure that airport improvements and construction meet the

standards necessary for quality and efficiency of construction.

No Written Guidelines for Local Airports

The Aeronautics Commission does not have written guidelines or a manual to assist local airports in obtaining funding for airport planning and development.

Three southeastern states have manuals or written guidelines available to local airports. For example, Virginia's manual outlines three areas of airport development and provides eligibility criteria for funding and the priority determination formulas. Florida's manual describes funding available to airports, the planning processes needed to qualify for funding, and provides a list of personnel and services available to airport developers. An Aeronautics official stated that a manual could expedite reimbursement processes, construction approvals, and construction inspections that local airports submit to SCAC.

The lack of a manual hampers local airports in following the procedures necessary to obtain funding and construction approval. For example, a recent request for reimbursement from one airport revealed eight missing or incomplete documents which SCAC requires. Unwritten procedures can easily be misinterpreted and erroneously communicated. The absence of written guidelines and standards deters management efficiency and effectiveness

because it is difficult to hold airports accountable for verbal or nonexistent guidelines.

RECOMMENDATIONS

THE AERONAUTICS COMMISSION SHOULD
DEVELOP STATE STANDARDS FOR AIRPORT
CONSTRUCTION IN GENERAL AVIATION
AIRPORTS.

THE AERONAUTICS COMMISSION SHOULD
DEVELOP A MANUAL FOR LOCAL AIRPORTS THAT
WOULD INCLUDE GUIDELINES ON PLANNING,
FUNDING AND FEDERAL/STATE REGULATIONS.

Airport Systems Plan Incomplete

The South Carolina Airport Systems Plan is incomplete and behind schedule. SCAC had a State Airport Systems Plan developed in 1976. However, according to agency officials it is obsolete and not being used by the Commission. The Federal Aviation Administration made available \$108,172 for Phase I of the Airport Systems Plan. Work on the Plan was to begin August 1983 and be completed by August 1984. However, as of June 1984 only 15% of Phase I had been completed, and only 22% had been completed by December 17, 1984.

Phase I involved establishing the Airport Systems Plan in eight northwestern counties of South Carolina. Phases II

and III of the Systems Plan, which will consist of north-central and northeastern South Carolina, are scheduled to begin February 1985 and continue to August 1985.

SCAC management has not taken the initiative to pursue completion of the Plan in a timely manner. No priority has been established for the Airport Systems Plan within the work load of the agency. Furthermore, no timetable has been developed regarding the scheduling and completion of tasks within the South Carolina Airport Systems Plan.

Without an adequate airport systems plan, the State's ability to organize and support statewide airport development is decreased. In addition, the Commission is inhibited in fulfilling the legislative mandate to foster air commerce and assist in the development of aviation within the State.

RECOMMENDATION

THE DIRECTOR SHOULD EXAMINE THE PRIORITIES OF THE AGENCY AND ENSURE THAT THE AIRPORT SYSTEMS PLAN WILL BE COMPLETED IN A TIMELY MANNER. ALSO, ANTICIPATED COMPLETION DATES FOR TASKS SHOULD BE ESTABLISHED AND MONITORED FOR EACH PHASE.

Improvement Needed in Review of Airport Development Projects

The Aeronautics Commission's system for reviewing airport development projects needs improvement. The Commission has not developed standard criteria for comparing competing applications for State funding. As a result, the agency lacks an objective system for evaluating the merits of projects submitted by local airports.

For example, the Commission's FY 84-85 permanent improvements budget submitted to the Budget and Control Board listed 52 projects in priority order. Local airports initially submitted funding requests for these projects, totalling \$5.6 million, to the Aeronautics Commission. Aeronautics officials state that the staff reviewed the project applications, had a meeting to discuss them, and developed a priority funding list by consensus. Subjective determinations of funding needs were performed because management had not taken the initiative to ensure the development of standard criteria.

The State of Virginia and the Federal Aviation Administration have more objective systems for determining which projects have the greatest need for funding. They recognize that many airports have justifiable facility needs, and limited resources to meet these needs. Both developed a process to quantify each airport project's need in relation to all others. Virginia's methodology results in a priority listing of airport projects based upon four criteria. The criteria measure: (1) the proposed airport

project work; (2) facility benefit/use; (3) sponsor responsibility; and (4) bonus points. Bonus points are awarded if the project results in additional industrial employment or will attract new air service. Virginia officials report that they are satisfied with the system.

The FAA system accounts for the few instances where projects must be funded that ordinarily would not be of sufficient priority for funding. Files must clearly show the need for special priority treatment. The process also allows for the lowering or raising of priorities.

Without an objective system to compare competing project applications in South Carolina, there is less assurance that the most deserving applicants will be approved for funding. Since the Commission has not objectively specified the criteria for determining projects with the greatest need, applicants can be given a lower priority and thus, denied funding on a subjective and nonfactual basis. Applicants do not know the basis upon which their requests are judged and doubt is created as to the fairness of the ranking system.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD ADOPT
A FORMAL, OBJECTIVE SYSTEM FOR COMPARING
COMPETING APPLICATIONS FOR AIRPORT
DEVELOPMENT FUNDS.

Maintaining Local Airports

The Aeronautics Commission is unnecessarily providing maintenance for local airports. This service, which consists of grass mowing, airport light replacement, pavement marking, and other minor repairs, is being rendered at no cost to the local airports. SCAC has spent approximately \$900,000 from July 1981 to February 1985 on maintenance services to non-aircarrier airports through the Airport Safety Maintenance section of SCAC.

Prior to 1981, SCAC leased all of the airports in the State from the counties or local airport commissions. Conditions of the lease agreement required SCAC to provide general maintenance of the airports. By 1981, SCAC returned control of the airports to the owners, but agreed to continue providing maintenance services to public airports.

The Assistant Director of SCAC said that counties and airport commissions cannot afford to do maintenance or would neglect the work which would jeopardize airport safety.

Section 55-9-190 of the South Carolina Code of Laws states the Commission or any other political subdivision of the State may:

(1) Construct, equip, improve, maintain and operate such airports or landing fields or vest authority for the construction, equipment, improvement, maintenance, and operation thereof in an officer, board, or body of such political subdivision, the expense of such construction, equipment, improvement, maintenance and operation to be a responsibility of such political subdivision. [Emphasis Added]

Furthermore, a 1980 South Carolina Attorney General Opinion stated the following:

The principal legislative intent in establishing the Aeronautics Commission was the regulation of aircraft, rather than the funding of markers, cutting of grass, and other maintenance projects deemed important in meeting safety regulations.

A survey of six southeastern states revealed that all six states relegate the responsibility of airport maintenance to the county or airport commission instead of the state.

The Airport Safety Maintenance section of SCAC has cost the State approximately \$900,000 since FY 80-81. SCAC can save the State at least \$150,000 per year if maintenance to local airports is turned over to the counties and airport commissions.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD DISCONTINUE THE FREE MAINTENANCE SERVICES TO LOCAL AIRPORTS. THE COMMISSION SHOULD CONSIDER THE OPTION OF CONTINUING TO PROVIDE MAINTENANCE ON AN "AT COST" BASIS IF LOCAL AIRPORTS ELECTED TO CONTRACT WITH THE STATE.

Zoning Ordinances Needed for Airports

The Aeronautics Commission does not require that counties and local communities enact zoning ordinances for

land surrounding public airports. In January 1985, a survey was distributed by the Audit Council to each of the 46 counties in South Carolina to determine the extent of zoning for lands surrounding public airports. Of the 39 counties responding to the survey, 58 public airports were identified. However, only 35 (60%) public airports stated that airport-adjacent lands were zoned or restricted.

In order to receive federal airport funds, Federal Aviation Administration regulations require the adoption of zoning laws to restrict the use of airport-adjacent lands to activities compatible to airports. Furthermore, the Aeronautics Commission is mandated by the South Carolina Code of Laws to supervise and control all airports and landing fields in the State. Consequently, it is the responsibility of SCAC to ensure that counties and local communities comply with State and federal regulations regarding the zoning of airport-surrounding lands.

Section 55-9-240 of the South Carolina Code of Laws states:

All land surrounding public-owned airports in this State, which are funded partially or wholly by this State, shall be zoned by appropriate county, municipal, or regional authorities so as to conform with pertinent regulations of the Federal Aviation Administration, Department of Transportation.

Zoning of airport-surrounding lands is necessary to restrict the use of the land to activities and purposes compatible with normal airport operations. Zoning of airport-adjacent property provides airport protection, land-use control, and ensures safe landing and takeoff of

aircraft. Furthermore, land surrounding public airports must be zoned to prevent residential encroachment which restricts use of land needed for further airport expansion.

SCAC records did not indicate how many nor the extent to which local airports had been zoned. Furthermore, SCAC has not monitored those airports that are zoned to determine if the airports are in compliance with FAA regulations. SCAC has not assumed an active role in the oversight of counties and communities establishing zoning laws as directed by State and federal regulations.

RECOMMENDATION

THE AERONAUTICS COMMISSION SHOULD
MONITOR COUNTIES AND COMMUNITIES TO
ENSURE THAT ALL PUBLIC AIRPORTS IN THE
STATE ARE ZONED ACCORDING TO STATE AND
FEDERAL REGULATIONS.

APPENDICES



LEGISLATIVE AUDIT COUNCIL

STATE OF SOUTH CAROLINA

620 BANKERS TRUST TOWER
COLUMBIA, SOUTH CAROLINA 29201

TELEPHONE:
803-758-5322

December 14, 1984

PUBLIC MEMBERS

JERRY D. GAMBRELL
Chairman

F. HALL YARBOROUGH

ROBERT S. SMALL, JR.

Dear Aeronautics Commission Employee:

At the request of the South Carolina General Assembly, the Legislative Audit Council is reviewing the South Carolina Aeronautics Commission. As part of this review, all employees are being asked to participate in a survey.

EX-OFFICIO MEMBERS

SENATE

MICHAEL R. DANIEL
Lt. Governor
Pres. - Senate

L. MARION GRESSETTE
Pres. Pro Tempore
Chm. - Judiciary Comm.


REMBERT C. DENNIS
Chm. - Finance Comm.

We would greatly appreciate your honest and candid answers to the enclosed questionnaire. It is not necessary that you identify yourself since we are only interested in your response.

Please return the completed questionnaire to the Audit Council through the United States Mail, in the postage paid envelope provided, by December 28, 1984.

Thank you for your help, and if you have any questions do not hesitate to call Cathy Ferillo at 758-5322.

Sincerely,


George L. Schroeder
Director

HOUSE

RAMON SCHWARTZ, JR.
Speaker of House

TOM G. MANGUM
Chm. - Ways & Means Comm.

ROBERT J. SHEHEEN
Chm. - Judiciary Comm.

/sp

Enclosure

GEORGE L. SCHROEDER
Director

APPENDIX A (CONTINUED)

SOUTH CAROLINA AERONAUTICS COMMISSION SURVEY RESULTS

The following statements express a range of opinions you may have about your job and your agency. Please respond to each statement using the following codes, circling only one for each statement.

1	2	3	4	5
DEFINITELY AGREE	INCLINED TO AGREE	UNDECIDED	INCLINED TO DISAGREE	DEFINITELY DISAGREE

% Responding

N/R	1	2	3	4	5	
9.1	36.4	27.3	4.6	4.6	18.2	1. I like and enjoy my work here.
4.6	9.1	13.6	0	13.6	59.1	2. My supervisor does all he/she should to insure getting good teamwork and follow up (e.g., checks on assigned work, reviews performance, measures accomplishments against established goals, etc.)
4.6	13.6	13.6	13.6	9.1	45.5	3. My supervisor is appreciative of my efforts to contribute suggestions and ideas and gives proper credit for those submitted to him/her.
0	36.4	4.6	4.6	18.2	36.4	4. I am left in the dark because there is no way to tell if my work is satisfactory to my supervisor.
0	4.6	4.6	13.6	18.2	59.1	5. I am satisfied with my chances to be promoted to a better position (higher level) in the future.
0	9.1	31.8	4.6	18.2	36.4	6. The work in this office provides me with opportunity to grow professionally.
0	4.6	9.1	4.6	9.1	72.7	7. The policies and organizational structure of this office have been clearly set forth and explained.
0	50.0	9.1	4.6	4.6	31.8	8. I am kept in the dark about what goes on around here.
0	9.1	18.2	13.6	18.2	40.9	9. The work I do receives adequate recognition and respect from my associates.
0	9.1	18.2	0	27.3	45.5	10. My supervisor gives me the proper amount of responsibility and delegates sufficient authority for me to carry out my assignments.
0	9.1	13.6	4.6	27.3	45.5	11. I get satisfaction out of my work because it means being connected with a successful office which renders good services.
0	9.1	13.6	9.1	13.6	54.5	12. My supervisor helps me make full use of my abilities and experience and has given me specific help in improving my present job.
0	4.6	4.6	4.6	13.6	72.7	13. People get ahead as fast in my agency as they do elsewhere in State Government.
0	9.1	4.6	4.6	18.2	63.6	14. My supervisor lets me know beforehand of changes that will affect my work.
4.6	31.8	13.6	0	27.3	22.7	15. My supervisor does not give proper credit for new ideas submitted to him/her.

Thirty-three SCAC employees were surveyed. Of the 33 surveys distributed by the Audit Council, 22 SCAC employees responded.

	1 DEFINITELY AGREE	2 INCLINED TO AGREE	3 UNDECIDED	4 INCLINED TO DISAGREE	5 DEFINITELY DISAGREE	
	% Responding					
N/R	1	2	3	4	5	
0	4.6	13.6	13.6	13.6	54.5	16. My performance is evaluated based on clearly defined goals and objectives.
0	4.6	18.2	9.1	4.6	63.6	17. My supervisor takes effective and prompt action to make use of good ideas or recommendations submitted to him/her.
0	4.6	9.1	4.6	31.8	50.0	18. I can depend on promptly getting from others the services and information I need to get my work done.
0	18.2	13.6	4.6	9.1	54.5	19. In this office employees know where they stand in the eyes of their supervisors.
0	40.9	27.3	4.6	0	27.3	20. My present work gives me a chance to make a significant contribution to the success of this office.
0	9.1	9.1	4.6	18.1	59.1	21. A good job has been done in making known and interpreting the objectives of this office.
0	9.1	27.3	31.8	9.1	22.7	22. I get a great deal of personal satisfaction because my job involves working with well-qualified associates.
0	50	22.7	9.1	4.6	13.6	23. The promotion policies of the Department do not emphasize merit.
0	31.8	31.8	9.1	9.1	18.2	24. My supervisor does very little to challenge me or increase my interest in the work of this office.
0	77.3	0	9.1	4.6	9.1	25. There is a need for improvement in the teamwork of staff in this office.
0	yes	0	no		100	26. Has anyone from your agency tried to influence your response to this survey?
(These questions were "open-ended"; surveyed employees elected to respond as they wished.)						27. What policies or practices at your agency have <u>positively</u> affected your ability to do your job?
						28. What problems or obstacles keep you from doing your job as effectively as you would like?
						29. What changes would improve the way your agency operates?



SOUTH CAROLINA LAW ENFORCEMENT DIVISION

4400 Broad River Road (J.P. Strom Boulevard) • Mail: P. O. Box 21398
Columbia, South Carolina 29221-1398 • Phone: 803/758-6000

November 26, 1985

Mr. George L. Schroeder
Director
Legislative Audit Council
620 Bankers Trust Tower
Columbia, SC 29201

RICHARD W. RILEY
Governor

Dear Mr. Schroeder:

J.P. STROM
Chief

We are in receipt of your letter of November 18, 1985, and in reply submit the following information and anticipated course of action with regard to the possession of a submachine gun by the Director of the South Carolina Aeronautics Commission.

J. LEON GASQUE
Captain

You recall that members of your staff contacted SLED during their review of the Aeronautics Commission. They were concerned with the circumstances surrounding the Commission having in its custody two (2) submachine guns, to wit: (1) An H & K Model MP5K, Serial Number 2750; and (2) An Uzi SMG, Serial Number 059702. Both of these weapons are currently under the immediate control of SLED at our Headquarters.

Your staff members were informed (including documentation) that the H & K was purchased by and is the property of SLED. It was signed out to John Hamilton, Director of the Aeronautics Commission, for the protection of pilots and aircraft during the course of their involvement in hazardous missions flown in support of SLED, as well as local and federal agencies.

The Uzi was not purchased by this Agency and was not registered with SLED either as part of our inventory or within the records of our Regulatory Services Department.

SLED felt when assigning the H & K to Aeronautics that there was good cause to justify this issuance. From time to time, we call on Aeronautics personnel to function in potentially life threatening situations, which occur most frequently in our drug interdiction effort. It is well established that drug smugglers are often armed as well as, or better than, those charged with apprehending these criminals.

Mr. Schroeder
Page 2
November 26, 1985

However, questions arising since the Council began its review have caused us to re-examine this practice. As a result, we probably will assume the following positions:

- (1) The H & K nor any weapon will be issued to the Aeronautics Commission by SLED unless pilots assigned to hazardous missions receive satisfactory training in the use of such weapon(s).
- (2) We will accommodate Mr. Hamilton's request to transfer the Uzi in question from the Aeronautics Commission to the South Carolina Law Enforcement Division as soon as we are able to satisfy the requirements for property transfer of the Materials Management Section of General Services.

SLED has no direct information concerning the original acquisition of the Uzi in question; however, we are satisfied that the gun was properly acquired and possessed with respect to the requirements of the Federal government, which has primary jurisdiction over the sale, purchase and/or possession of fully automatic weapons.

This conclusion is founded on two (2) facts: (1) That it is unlikely a weapon such as an Uzi, which is conditionally imported, would get into circulation without approval of the appropriate Federal agencies and (2) That the Bureau of Alcohol, Tobacco and Firearms apparently finds no federal violation on Mr. Hamilton's part, since they have not seized the weapon as contraband or evidence.

The State statutes governing the purchase, possession and control of firearms (including machine guns) are being scrutinized by our staff toward an end of offering certain changes for future consideration by the General Assembly. We find sufficient ambiguity in the existing statutes to create confusion and make compliance difficult. However, in our view, Mr. Hamilton is factually qualified under Section 23-31-320 as a person permitted to possess a machine gun, even though Section 23-31-330 may require registration.

Certainly, ignorance of the law is no excuse, but Mr. Hamilton complied with the law of precedence (i.e., federal law), and by doing it, he demonstrated in our opinion that it was not his intent to violate the law. If the law permits Mr. Hamilton to possess such a weapon in the first place, then a violation of the requirement for [State] registration would follow as a technical offense.

Mr. Schroeder
Page 3
November 26, 1985

In summary, I conclude that the existing facts do not justify action beyond that outlined within, and I trust that these steps adequately resolve this matter.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. Leon Gasque".

J. Leon Gasque, Captain
South Carolina Law Enforcement Division

JLG/dwh

APPENDIX C



South Carolina Aeronautics Commission

DRAWER 1987 • COLUMBIA, S. C. 29202

JOHN W. HAMILTON
DIRECTOR

March 24, 1986

Mr. George L. Schroeder
Director
Legislative Audit Council
620 Bankers Trust Tower
Columbia, SC 29201

Dear Mr. Schroeder:


Thank you for the time and effort put into the audit by you and your staff. The points made will be given due consideration in the immediate and long range planning, both by the Commission, and myself and the staff.

As you most probably surmise, I must take exception to some paragraphs. In some instances, I feel prolonged emphasis was given. In other instances, there were items that could have been addressed for consideration and planning.

In the weeks and months ahead, each paragraph of the full audit will be studied and used as a guideline in our day to day operations and planning, not only for the benefit of the Commission, but for the state as well.

As always, it is a pleasure to work with other state agencies in our mission to make South Carolina outstanding.

Very truly yours,


John W. Hamilton
Director

JWH/vhm

APPENDIX C (CONTINUED)



South Carolina Aeronautics Commission

DRAWER 1987 • COLUMBIA, S. C. 29202

RALPH F. SCHMIDT
CHAIRMAN

REPLY TO:
BOX 2484
GREENVILLE, S. C. 29602

March 24, 1986

Mr. George L. Schroeder
Director
Legislative Audit Council
620 Bankers Trust Tower
Columbia, South Carolina 29201

Dear Mr. Schroeder:

The Commission appreciates the opportunity to comment on the Council's audit.

There definitely was a communication problem between the Council auditors and the Commission which could have been corrected if the Council had talked to the Chairman.

Although we take exception to several items, and correct the record on others, there are recommendations that the Commission has, or will be working on, and all will be given careful consideration and study.

With increased funding and positions requested, recommendations could be implemented faster.

Safety is our Number One consideration.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Ralph F. Schmidt".

Ralph F. Schmidt
Chairman

RFS/ms

SCAC management has neglected to ensure that the use of aircraft has conformed to state law. In addition, no written guidelines have been established for the passenger use of SCAC aircraft.

SCAC management has billed agencies for some flights and allows some state officials to fly free.

SCAC has neglected to ensure safe and efficient flights by not adopting a flight operations manual for pilots.

SCAC has not trained its pilots for law enforcement flights and in the proper use of firearms.

SCAC management has purchased over \$400,000 in goods and services from a company owned by an Aeronautics Commissioner. Although the State Ethics Commission stated that no state ethics laws were violated, this situation presents questionable procurement practices by SCAC.

Management methods to procure services for a \$229,000 engine overhaul is questionable.

SCAC management is unnecessarily spending \$150,000 per year on airport maintenance and \$32,000 annually on a monthly newsletter.

Almost half, 46% of 320 items on SCAC equipment inventory could not be found.

SCAC management has violated state personnel regulations by not evaluating employee's work.

A survey of Aeronautics employees indicates critical deficiencies in management skills.

SCAC management has disregarded state law regarding assistance to minority business.

In addition, management has not accomplished tasks necessary to promote an effective airport development program as evidence by the following:

- No standards developed for airport construction or guidelines to assist general aviation airports in obtaining funding.
- Not taken the initiative to complete the SC State Airports System Plan in a timely manner.
- Neglected to develop standard criteria for comparing airports competing for limited funds.
- Inadequately monitored airports to ensure they are zoned in compliance with state and federal regulations.

Use of Aircraft

The Commission's staff takes great care to insure that state aircraft are operated in conformity with applicable regulations. While the Commission has for a long time required the listing of passengers and signatures of requesting officials, it was not until July of 1984 that this was a legislative requirement. After adoption of the legislative rules on aircraft records, the Commission sought an opinion on the sworn statement and the additional requirement for notarization was implemented. Commission flight records are available for public review and the records for the period in question conform to then existing regulations. In a separate audit, the State Auditor's Office examined the Commission's flight records and found them to be in conformity with state law. The Commission maintains the most complete and accurate records of any other state agency. This opinion is supported by many news media personnel who have had an opportunity to review agency flight records. An agency review could not find any data to support the opinions of the Council's researchers. The only departure from current procedures involve the notarization and was the period from July 1, 1984, until receipt of the Attorney General's opinion about request notarization.

Billing for Flights

The Commission provides a wide range of flight services for various state users, such as the Governor, Lt. Governor, constitutional officers, Representatives and Senators, state agencies, and law enforcement departments. A billing for such flights is prepared to establish and maintain a proper audit trail and allow for effective costing. This billing is

either internal (through the Commission appropriations) or external to the specific user. While flights for elected officials are not billed externally unless the official requests that billing be made, state agencies are being billed for aviation services that they utilize. The exception to this policy is law enforcement flights and flights made for the Budget and Control Board. There is no such thing as "free flying" for any agency or official.

The delay in posting of the Interdepartmental Transfer (IDT) for agencies being billed for the flight was the result of the significant increase in accounting workload involved in the two audits (LAC and state auditor's) being performed at the same time. The Commission was also converting to a new STARS compatible computer accounting system that required maintaining two accounting systems during the initial conversion.

Adoption of Flight Operations Manual for Pilots

The Commission operates the aircraft and helicopter in rigid conformance with Federal Aviation Administration Regulation Part 91. These regulations pre-empt any that might be formed by the Commission and covers aspects of flight take-off, enroute, and landing. In addition, each pilot is provided with the operator's manual for each Commission aircraft, and these serve as the approved procedures for aircraft systems and operations. Even though a company operations manual is an optional item, it can contribute to an effective operation. Last year, the Commission began a review and an update of an earlier company operations manual. It has been reviewed, edited, and is in the process of being adopted.

Training of Law Enforcement Pilots

The Commission employs pilots who are trained and qualified in the types of missions performed. Because of the high experience requirements of Commission pilots, currently all have had past military experience, including helicopter tactics and low level operations. While there are no law enforcement flight schools available, the Commission has made arrangements with the SC Criminal Justice Academy to train Commission personnel in law enforcement policies and procedures and the use of small weapons.

Purchase of Goods and Services From a Commissioner's Firm

As was indicated by the council's report, the State Ethics Commission ruled that such a practice did not represent any violation. The firm in question is one of the three largest aircraft maintenance firms and the only full line Cessna center in the state.

For the period in question, this firm was the only fixed base operator on the Columbia Airport and much of the total expenditures were for fuel and line service, a service that was not available anywhere else on the airport. Had the Council's staff looked at the cost data more thoroughly, they would have seen that the Commission utilizes many aviation vendors in the state and that the largest portion of maintenance dollars have been spent at the Beechcraft service center. This fact corresponds with the then existing Commission aircraft pool of three Beechcrafts and three Cessnas, with the Beechcrafts being the larger and more complex and therefore more expensive aircraft.

One point of special concern was the reference to a \$60,000 engine

repair with the local firm. A Commission aircraft experienced a catastrophic engine failure on take-off from the Columbia airport, causing the aircraft to make a precautionary landing back at Columbia. At the time of the incident, the Commissioner's firm was the only repair facility and the Commission had no maintenance capabilities. Arrangements were made through the local firm to remove the engine and ship it off for repairs. The engine was repaired in Texas, not Canada, and reinstalled on the state aircraft. No vendor in South Carolina had the capability to repair this engine, and had the engine failed at any other airport, the repair would have been arranged through the nearest repair facility. While the addition of an aircraft maintenance section at the Commission and the opening of a second FBO at the Columbia airport has significantly reduced the use of the Commissioner's firm, there is no basis for the "questionable" opinion of Council staff.

Engine Overhaul (\$229,000)

The Commission operates a King Air aircraft that utilizes two (2) Pratt-Whitney PT6 turbo shaft engines. In accordance with Federal Aviation Administration (FAA) regulations, the engines were overhauled in 1985. These procedures were bid through the Division of General Services, with the specifications calling for overhaul to manufacturer's specifications. The selection of the more stringent manufacturer's specifications was based upon the desire for as safe an engine overhaul as possible. At the time the bid request was made to General Services, a list of possible vendors was also provided. Because of the delay in the processing and publicizing of the bid, a request to shorten the bid period was made, as all potential bidders had received the bid.

A bid was awarded to Pratt-Whitney Corporation, the engine manufacturer, to perform the overhaul. As a part of the bid, the vendor also provided two loaner engines so that the state's aircraft would not be grounded.

As a standard feature in all engine overhaul prices is the clause that actual cost will be based upon a technical analysis of the engine during the disassembly phase. When the two state engines were disassembled, additional heat damage and engine erosion was discovered, by the FAA certified inspection, causing the final overhaul charge to be greater than forecast. The Commission coordinated with General Services throughout the overhaul process, and the goal of the procedure was the reconstruction of the engines to the highest level of safety. (Note: Ironically, the vendor who stated that they did not have time to prepare a proper bid was the firm owned by a Commissioner, who is referred to in an early part of the Audit Council's report.)

Commission Airport Maintenance Program

Contrary to Audit Council observations, the Commission's Airport Safety Maintenance Program is neither wasteful or unnecessary. The program is a continuation of the Commission's devotion to providing for safe airport operations. Airport maintenance services are very cost effective and take full advantage of economics of scale. The Commission designed grasscutter equipment is very efficient and helps insure that the safety areas around airports are maintained in a safe condition.

The utility of the Commission maintenance program has been reviewed

by the legislature at least three times and on each occasion, the Commission program has been retained.

While the majority of the work effort is directed to providing maintenance and technical support to public airports in the state, the personnel are also used for agency maintenance and light construction projects at Commission facilities.

Aviation Newsletter

The Commission's aviation newsletter reaches over 8,000 pilots and aviation industry people. In addition to informing the public of changes in regulations and operating procedures, it also serves a safety and public information mission of publicizing aviation meetings and events, discusses airport development projects and programs and their impact on the aviation system, and fosters the aviation education and awareness program.

Missing Inventory Items

The Commission's physical inventory system is based upon an inventory program provided for and maintained by the Division of General Services. As required by regulation, the Commission provides the input data to General Services for processing, and the inventory records are maintained on the General Services computer system. With the assistance and guidance of the State Auditor's Office, the Commission conducted a physical inventory of all recorded equipment. During the process, many inventory corrections, such as double entries and previous deletions, were corrected. A section of inventory inadvertently deleted by General Services in

processing was also added to the records. A 100% reconciliation of the Commission's 690 inventoriable items was completed, and specific area location codes were added for all inventory items. All applicable Commission equipment has been indentified and a staff person has been selected to coordinate agency inventory records and conduct inventory equipment surveys and inspections. While not identified during the Audit Council's research, the Commission is beginning to implement a capital asset account in the Commission accounting system.

SCAC Use of Employee Performance Management System

The Commission did take longer than other agencies to implement the new Employee Performance Management System. Being a small agency, there is not a personnel director or specialist. The delay in implementing the system was a result of inadequate resources to train supervisors and employees in the new system and the transfers of two supervisors and the physical disability and later death of another that involved evaluations of over sixty percent of agency workers.

As a necessary first step, with the assistance of the agency assigned DHRM specialist, a review and update of all position descriptions was accomplished last year and all supervisors have been trained in the EMPS and the system is in use by the agency.

Employee Opinions

While the opinions of all Commission employees are very important to both agency managment and Commissioners, the effectiveness of a manager cannot always be measured in how happy the employees might

feel. The Commission is a small organization and the survey was given during a period of extreme pressure. Events external to the Commission had created a great deal of publicity for the Commission, and its staff were being required to put in many additional hours to deal with the requirements of the Legislative Audit Council and an audit by the State Auditors Office, which were going on simultaneously.

The primary function of the Commission involves service to other agencies of government at the local, state, and federal level. The Commission was required to maintain those services and provide the additional support for two audits and deal with the media.

As a part of a pilot project with the State Reorganization Commission in 1985, the Commission director asked each employee in an open-ended questionnaire to state their job objectives and how their job related to the agency mission. The results of this exercise indicated that Commission employees do in fact have a strong sense of the mission of the agency and their respective roles in the mission.

The Commission sincerely hopes that once the Commission and its staff are able to return to normal, additional measures can be taken to improve lines of communications among employees at all levels, increase supervisor training, and develop a positive and continuing organizational development program. As a first step, the Commission established in 1985, an Internal Communications Committee of Commission personnel to allow and encourage a position communications situation for all employees.

Assistance to Minority Business

The staff of the Commission is aware of regulations involving

assistance to minority businesses. Unfortunately, the existence of minority aviation vendors is very rare and none exists in South Carolina. After reviewing the opportunities available for minority utilization and the limited amount of discretionary spending by the Commission, an extension was requested in developing and implementing a minority business utilization plan. This request was based upon the low amount of discretionary spending, i.e. expenditures other than personnel, fixed contract (utilities), and purchases done through General Services.

During the last two years, the Commission has placed over \$100,000 with a minority vendor through photogrammetry work for the state system plan. The Commission utilizes the business guides and services of the Minority Business Assistance Section, however, there are no listed minority vendors of aviation or aviation related services.

State Guidelines for Airport Construction

The Commission undertook a project of evaluating possible state standards for airport construction under a Federal grant program in 1978. At issue in the program was the utility of establishing state controlled criteria for airport construction with standards or specifications less demanding than was called for by the Federal Aviation Administration.

Initial research indicated that the size and complexity of the program made it impossible with the given level of Federal funds. Also of primary concern was both the liability and wisdom of authorizing airport construction with specifications less stringent than those of the FAA. At issue was the concern that any future project at an

airport utilizing Federal funds would require the airport being brought back up to FAA standards. While many states explored the possibility of developing such standards or specifications, very few have actually done so. Through mutual agreement with the FAA, the project was terminated in the early 1980s. To insure airport construction that is safe and effective, the Commission requires adherence with FAA criteria, with the option of granting waivers for specific project areas.

Completion of State Systems Plan

The Commission undertook an update of the State Airport Systems Plan in a multi-year program covering three years. Federal funds were obtained to fund 90% of the project. The multi-year project is being accomplished and is moving toward completion. After initiation of the first phase, it was decided to do the data collection and photogrammetry for the entire state at one time. The procedure caused some front loading on the plan, but should help reduce overall costs. Contrary to the council report, South Carolina does have a system plan, and even this existing plan is more current than other southeastern states, such as Georgia, with a 12 year old plan. The plan being done by South Carolina is very comprehensive and will serve the state for many years. Of special interest is the inclusion of obstruction identification around airports that will help immensely in planning for safety improvements and future developments. In an effort to devote more resources to the planning function and other airport development needs, an additional engineering position was requested. After gaining approval for the position, the salary funds were cut from the agency's budget.

STEVENS AVIATION

Stevens Aviation, Inc.
Greenville-Spartanburg Jetport
P.O. Box 589
Greer, SC 29652
803 879 6000

March 18, 1986

Mr. John Hamilton
South Carolina Aeronautics Commission
P. O. Drawer 1987
Columbia, SC 29202

Dear John:

Per your request and to the best of our knowledge we know of no facility in the State of South Carolina that can overhaul PT6 engines.

Stevens Aviation can remove and replace the engines and send them off for overhaul or repair.

Pratt & Whitney has a program where they will come to your facility and remove and replace engines but the actual overhaul or repair is not done in South Carolina.

If we can be of further assistance please don't hesitate to call.

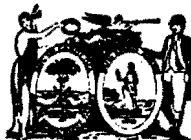
Sincerely,

STEVENS AVIATION, INC.

HERB

Herbert W. Cuthbertson
Vice President/Sales Manager

HWC:lj



South Carolina Aeronautics Commission

DRAWER 1987, COLUMBIA, SOUTH CAROLINA 29202
TELEPHONE 803-758-2766

JOHN W. HAMILTON
DIRECTOR

April 3, 1986

Mr. George L. Schroeder, Director
Legislative Audit Council
620 Bankers Trust Tower
Columbia, SC 29201

Dear Mr. Schroeder:

I have reviewed the changes made to the draft report of the Audit Council's examination of Commission operations and programs. While several changes were made to correct errors in the report, it still does not accurately reflect many of the operating conditions and programs of the agency. Particularly disturbing was the frequent narrow focus on a portion of an agency program and the lack of objectivity in the analysis of many others.

The addition of a LAC conclusion from the State Auditor's report performed at the same time as the LAC review is an example of a narrow focus without credit for program conditions. The "failure to account" reference appears to stem from the finding by the State Auditor's office in the section B (Weaknesses not Considered Material) portion that state the agency fails to control acquisitions and dispositions through the use of a general fixed asset group of accounts. The accounting system (hardware and software) in use by the Commission at that time did not have the capability to maintain a general fixed asset group of accounts. This was one of the motivating factors in the acquisition of the Commission's new system to allow such a program to be implemented.

As stated in the Commission's earlier reply, many of the observations and recommendations do not reflect the actual condition of agency operations. Additionally, there are several suggestions that the Commission as an audited agency could offer to improve both the quality and efficiency of the audit process from an agency standpoint. The staff of the Commission would be happy to share these suggestions with the Council if it so desires.

If I can provide any additional information about Commission operations, please feel free to have your staff contact me.

Sincerely,

Alan W. Alexander
Asst. Director